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I.R.A. DOCKET ROOM

Guy M Hicks
General Counsel
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September 2, 2004

VIA HAND DELIVERY

Hon. Pat Miller
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

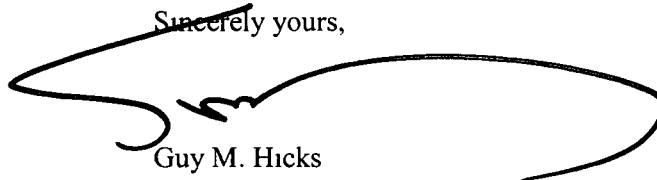
Re *Approval of the Stand Alone Interconnection Agreement between BellSouth Telecommunications, Inc and ITC^DeltaCom Communications, Inc d/b/a ITC^DeltaCom and d/b/a Grapevine Pursuant to Sections 251 and 252 of the Telecommunications Act of 1996*
Docket No. 04-00277

Dear Chairman Miller:

ITC^DeltaCom Communications, Inc d/b/a ITC^DeltaCom and d/b/a Grapevine and BellSouth Telecommunications, Inc are hereby submitting to the Tennessee Regulatory Authority the original and fourteen copies of the attached Petition for Approval of an Interconnection Agreement.

Thank you for your attention to this matter.

Sincerely yours,



Guy M. Hicks

Enclosure

cc ITC^DeltaCom, Senior Manager – Industry Relations
ITC^DeltaCom, Director-Regulatory Affairs

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In re: *Approval of the Stand Alone Interconnection Agreement Negotiated by BellSouth Telecommunications, Inc. and ITC DeltaCom Communications, Inc. d/b/a ITC DeltaCom and d/b/a Grapevine Pursuant to Sections 251 and 252 of the Telecommunications Act of 1996*

Docket No. _____

PETITION FOR APPROVAL OF THE
INTERCONNECTION AGREEMENT NEGOTIATED
BETWEEN BELL SOUTH TELECOMMUNICATIONS, INC.
AND ITC DELTACOM COMMUNICATIONS, INC. D/B/A ITC DELTACOM AND
D/B/A GRAPEVINE PURSUANT TO THE TELECOMMUNICATIONS ACT OF 1996

COME NOW, ITC DeltaCom Communications, Inc. d/b/a ITC DeltaCom and d/b/a Grapevine ("DeltaCom") and BellSouth Telecommunications, Inc., ("BellSouth"), and file this request for approval of an Interconnection Agreement (the "Agreement") between the two companies pursuant to Sections 251 and 252 of the Telecommunications Act of 1996, (the "Act"). In support of their request, DeltaCom and BellSouth state the following:

1. DeltaCom and BellSouth have entered into good faith negotiations pursuant to the Act to negotiate an interconnection agreement to replace the existing interconnection agreement dated April 24, 2001 which expired June 30, 2003 ("Expired Interconnection Agreement").

2. Until such time as DeltaCom and BellSouth execute a new interconnection agreement, BellSouth and DeltaCom continue to operate under the rates, terms and conditions of the Expired Interconnection Agreement.

3. DeltaCom and BellSouth are currently involved in an arbitration proceeding before the Tennessee Regulatory Authority.

4. DeltaCom and BellSouth desire to incorporate or modify existing terms, conditions and/or rates associated with Merged Tandem Switching, Deposit, Voice Over the

Internet Protocol (VOIP), Jurisdictional Reporting and Modification of Agreement. A copy of the Stand Alone Interconnection Agreement is attached hereto and incorporated herein by reference

2. Pursuant to Section 252(e) of the Telecommunications Act of 1996, DeltaCom and BellSouth are submitting their Agreement to the TRA for its consideration and approval.

3. In accordance with Section 252(e) of the Act, the TRA is charged with approving or rejecting the negotiated Agreement between BellSouth and DeltaCom within 90 days of its submission. The Act provides that the TRA may only reject such an agreement if it finds that the agreement or any portion of the agreement discriminates against a telecommunications carrier not a party to the agreement or the implementation of the agreement or any portion of the agreement is not consistent with the public interest, convenience and necessity.

4. DeltaCom and BellSouth aver that the Agreement is consistent with the standards for approval.

5. Pursuant to Section 252(i) of the Act, BellSouth shall make the Agreement available upon the same terms and conditions contained therein.

DeltaCom and BellSouth respectfully request that the TRA approve the Agreement negotiated between the parties.

This 2ⁿ day of Sept, 2004.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

By: 

Guy M. Hicks
333 Commerce Street, Suite 2401
Nashville, Tennessee 37201-3300
(615) 214-6301
Attorney for BellSouth

CERTIFICATE OF SERVICE

I, Guy M. Hicks, hereby certify that I have served a copy of the foregoing Petition for Approval of the Interconnection Agreement on the following via United States Mail on the 2ⁿ day of Sept, 2004.

ITC DeltaCom
Senior Manager – Industry Relations
1530 DeltaCom Drive
P.O. Box 787
Anniston, AL 36202

ITC DeltaCom Communications, Inc.
Director-Regulatory Affairs
4092 S. Memorial Parkway
Huntsville, AL 35802


Guy M. Hicks

By and Between
BellSouth Telecommunications, Inc.
And
ITC DeltaCom Communications, Inc.

**Agreement Between
BellSouth Telecommunications, Inc.
And
ITC^DeltaCom Communications, Inc.
d/b/a ITC^DeltaCom and d/b/a Grapevine**

THIS AGREEMENT is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom and d/b/a Grapevine, ("ITC^DeltaCom") an Alabama corporation. This Agreement may refer either BellSouth or ITC^DeltaCom or both as a "Party" or "Parties".

WITNESSETH

WHEREAS, BellSouth as a local exchange telecommunications company authorized to provide telecommunications services in, the state of Tennessee; and

WHEREAS, ITC^DeltaCom is a CLEC authorized to provide telecommunications services in, the state of Tennessee; and

WHEREAS, BellSouth and ITC^DeltaCom have entered into good faith negotiations pursuant to the Act to negotiate an interconnection agreement ("New Interconnection Agreement") to replace the existing interconnection agreement between the Parties, which expired June 30, 2003 ("Expired Interconnection Agreement"); and

WHEREAS, until such time as the Parties execute the New Interconnection Agreement, BellSouth and ITC^DeltaCom shall continue to operate under the rates, terms and conditions of the Expired Interconnection Agreements; and

WHEREAS, BellSouth and ITC^DeltaCom are currently involved in an arbitration proceeding (the "Arbitration") before the Tennessee Regulatory Authority to resolve any and all disputes which arose during the course of the negotiations; and

WHEREAS, BellSouth and ITC^DeltaCom desire to incorporate or modify existing terms, conditions and/or rates associated with Melded Tandem Switching, Deposit, Voice Over the Internet Protocol (VOIP), Jurisdictional Reporting and Modification of Agreement;

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, BellSouth and ITC^DeltaCom hereby covenant and agree as follows:

- 1 Any rate, term and condition in the expired Agreement that is not expressly replaced by the rates, terms or conditions set forth herein or in

Exhibit 1 as described in this Agreement, shall remain in full force and effect in accordance with the terms of the Expired Agreement.

2. Attachment 11, Table 1 of the Expired Agreement is hereby amended to add the rates for Melded Tandem Switching (MTSR) as set forth in Exhibit 1, attached hereto and incorporated herein by this reference.
- 3 The parties agree to add the following provision for Melded Tandem Switching to Attachment 2, Section 11:

11.1 1 Where ITC^DeltaCom utilizes portions of the BellSouth network in originating or terminating traffic, the Tandem Switching rates are applied in call scenarios where the Tandem Switching Network Element has been utilized. Because switch recordings cannot accurately indicate on a per call basis when the Tandem Switching Network Element has been utilized for an interoffice call originating from a UNE port and terminating to a BellSouth, Independent Company or Facility-Based CLEC office, BellSouth has developed, based upon call studies, a melded rate that takes into account the average percentage of calls that utilize Tandem Switching in these scenarios. BellSouth shall apply the melded Tandem Switching rate for every call in these scenarios. BellSouth shall utilize the melded Tandem Switching Rate until BellSouth has the capability to measure actual Tandem Switch usage in each call scenario specifically mentioned above, at which point the rate for the actual Tandem Switch usage shall apply. The UNE Call Flows set forth on BellSouth's website, as amended from time to time if such amendment are mutually agreed upon, illustrate when the full or melded Tandem Switching rates apply for specific scenarios.

- 4 The Parties agree to add the following provision to Attachment 3, Section 9.9:

9.9.1 The Parties have been unable to agree as to whether "Voice-Over Internet-Protocol" transmission (VOIP) which cross LATA boundaries constitute Switched Access Service Traffic. Notwithstanding the foregoing, and without waiving any rights with respect to either Party's position as to the jurisdictional nature of VOIP, the Parties agree to any effective and applicable FCC rules and orders regarding the nature of such traffic and the compensation payable by the Parties for such traffic, if any; provided however, that any VOIP transmission which originates in one LATA and terminates to another LATA (i.e., the end-to-end points of the call), shall not be compensated as Local Traffic.

5. The Parties agree to delete in their entirety all rate elements and USOCs identified as "Local Number Portability charges" in Table 1 of Attachment 11, as specified by the following USOCs: LNPCS, LNPPC; LNPCN and LNPCC, pursuant to the Order in the matter of the Telephone Number Portability BellSouth Corporation Petition for Declaratory Ruling and/or Waiver, CC Docket No. 95-116, released April 13, 2004.
6. The Parties agree to add the following Jurisdictional Factors provision to Section 2.0 of Attachment 3 as follows:

Jurisdictions Factors ITC^DeltaCom agrees to report all factors quarterly in accordance with the Jurisdictional Factors Reporting Guide (Version 5), effective December 3, 2003, which can be found at www.interconnection.bellsouth.com/guides/ixc/pdf/factgu.pdf. as it is amended from time to time, if such amendments are mutually agreed upon. All amendments to the Guide will be considered mutually agreed upon unless ITC^DeltaCom provides written notice to BellSouth of disagreement with the changes within thirty (30) days of any changes being posted to the website. ITC^DeltaCom further agrees to bill BellSouth according to the factors provided to ITC^DeltaCom by BellSouth on a prospective basis.
7. The Parties agree to delete Section 1.11, Deposit Policy of Attachment 7 in its entirety and replace with the following:
 - 1.11 Deposit Policy. The Parties agree that the purpose of this Deposit is to provide assurance to BellSouth that timely payments for services performed and accurately billed are made by ITC^DeltaCom to BellSouth. The Parties also agree that the remedies of this Deposit Policy shall be applied in good faith and not under circumstances caused by an administrative error. BellSouth reserves the right to secure the accounts of new and existing customers only as provided for pursuant to this section. Customer, for purposes of this Section 1.11, is defined as ITC^DeltaCom Communications, Inc. or any entity authorized to conduct business as a CLEC in the state and does not include any parents or separate affiliates. Notice, for purposes of this Deposit Policy, is defined as written notification to the Chief Financial Officer, General Counsel, and Vice President of Line Cost Accounting of ITC^DeltaCom.
 - 1.11.1 New Customers and existing Customers may satisfy the requirements of this section with a D&B credit rating of 5A1 or through the presentation of a payment guarantee executed by another existing customer of BellSouth and with terms acceptable to BellSouth where said guarantor has a credit rating equal to 5A1. Upon request,

Customer shall complete the BellSouth credit profile and provide information, reasonably necessary, to BellSouth regarding creditworthiness.

- 1.11.2 With the exception of new Customers with a D&B credit rating equal to 5A1, BellSouth may secure the accounts of all new Customers as set forth in subsection 1.11.4. In addition, new Customers will be treated as such until twelve months from their first bill/invoice date, and will be treated as existing Customers thereafter.
- 1.11.3 If a Customer has filed for bankruptcy protection within twelve (12) months of the effective date of this Agreement, BellSouth may treat Customer, for purposes of establishing a security on its accounts as a new customer as set forth in subsection 1.11.7.
- 1.11.4 The security required by BellSouth shall take the form of cash, an Irrevocable Letter of Credit (BellSouth Form), Surety Bond (BellSouth Form), or, in BellSouth's sole discretion, some other form of security proposed by Customer. The amount of the security shall not exceed one months' estimated billing for services billed in advance and two months billing for services billed in arrears and if provided in cash, interest on said cash security shall accrue and be paid in accordance with the terms in the Commission approved General Subscriber BellSouth tariff for the appropriate state.
- 1.11.5 Any such security shall in no way release Customer from the obligation to make complete and timely payments of its bill.
- 1.11.6 No security deposit shall be required of an existing Customer who has a good payment history and meets two (2) liquidity benchmarks sets forth below in Sections 1.11.6.2 and 1.11.6.3. BellSouth may secure, pursuant to Section 1.11.9, the accounts of existing Customers where an existing Customer does not have a good payment history as defined in Section 1.11.1.6.1. If an existing Customer has a good payment history but fails to meet the two (2) liquidity benchmarks defined in Sections 1.11.6.2 and 1.11.6.3, BellSouth may secure the Customer's accounts, pursuant to Section 1.11.9.
- 1.11.6.1 Payment history is based upon the preceding twelve (12) month period. A good payment history shall mean that less than 10% of the non-disputed receivable balance is aged over thirty (30) days from the invoice/bill date at any given time. The existing Customer's payment history shall be predicated on net-thirty (30) day terms from the invoice/bill date. Only good faith disputes submitted to BellSouth pursuant to the procedures set forth in the parties'

interconnection agreement, as amended, will be considered in determining the "non-disputed receivable balance". Where Customer has disputed a rate change initiated by BellSouth as a result of the Triennial Review Order and/or the appeal of that order by the U.S. District Court for the District of Columbia (referred to as "USTAIL"), BellSouth shall treat that dispute as a dispute in good faith pending any final determination made pursuant to the dispute resolution mechanism set forth in the parties' interconnection agreement. If an invoice/bill is delivered electronically, and such electronic invoice/bill is transmitted by BellSouth more than ten (10) business days after the invoice/bill date, the calculation of Customer's payment history as to said invoice shall be on net-thirty (30) day terms from the date the invoice/bill is transmitted for such invoice/bill.

1 11.6.1.2 If Customer fails to comply with the requirements of this Section 1 11 6.1, BellSouth will provide Customer with three (3) business days Notice of default of this Section 1.11.6.1. If Customer fails to either cure said default, or to demonstrate that there is no default, within the three (3) business days notice period, BellSouth may secure Customer's accounts pursuant to Section 1.11 9.

1.11.6.2 The existing Customer's liquidity status, based upon a review of EBITDA, is EBITDA positive for the prior four (4) quarters of reported financials excluding any nonrecurring charges or special restructuring charges. EBITDA means, for any period, the sum, determined on a Consolidated basis, of (a) net income, (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, and (f) the aggregate of all non-case deducted in arriving at net income in clause (a) above, as long as this information is included in publicly available financial data audited annually by a domestic Certified Public Accountant, including, but not limited to, asset impairment charges and any restructuring charges.

1.11.6.3 The existing Customer has a current bond rating of BBB or above or Customer has no bond rating or a current bond rating between CCC and BB and meets the following criteria for the reported financials of the last Fiscal Year End, audited by a domestic Certified Public Accountant ("Last Fiscal Year End"), and for the prior four (4) quarters of reported financials on a cumulative basis.

1 11.6.3.1 Positive cash flow from operations minus cash dividends. Negative cash flow from operations directly due to one time charges from merger and acquisitions or other extraordinary items will not automatically act as a trigger for a deposit. Customer

will disclose the nature and amount of such charges to BellSouth, and BellSouth will review such amounts and shall waive this condition if exclusion of such items would result in positive cash flow from operations, and Customer has adequate cash or liquidity to fund such adjustments.

- 1.11.6.3.2 Positive tangible net worth,
- 1.11.6.3.3 Debt/tangible net worth between zero and 2.5. For purposes of computing debt/tangible net worth, the redeemable preferred stock presented in the mezzanine section of the Customer's balance sheet will be included as equity; and
- 1.11.6.3.4 Customer is compliant with all financial maintenance covenants.
- 1.11.7 If Customer files for bankruptcy protection during the term of this Agreement, Customer acknowledges that BellSouth is entitled to adequate assurance of payment in the form of a deposit of one months' estimated billing for services billed in advance and two months billing for services billed in arrears or other means of security during the pendency of the bankruptcy proceeding. Upon confirmation of the reorganization plan and the emergence of Customer from bankruptcy, if BellSouth's agreements were not cured 100% and BellSouth incurred a loss on the pre-petition account of Customer of the bankruptcy, Customer shall be treated as a new customer, as "new Customer" is treated under this section, for a period of one year in regard to BellSouth's right to secure the accounts of Customer.
- 1.11.8 Upon notice of default of a bank (or other loan provider's) financial maintenance covenant and upon Customer's failure to either cure or obtain a waiver from such default within seven (7) calendar days of notice, BellSouth may utilize the remedies set forth in subsection 1.11.9 unless Customer can demonstrate to the reasonable satisfaction of BellSouth that Customer has ample liquidity to fund said debt should the debt payment obligation become accelerated.
- 1.11.9 If, at any time during the term of this Agreement, Customer fails to comply with the requirements of Section 1.11.6 or 1.11.8, BellSouth shall provide Notice to Customer of its intent to implement this subsection 1.11.9.
 - 1.11.9.1 Upon receipt of notice, Customer shall pay all current amounts by due date and pay past due nondisputed amounts immediately. Customer shall also immediately pay disputed amounts to the extent the amount in dispute is greater than 30% of total charges for the

current month. Customer shall thereafter pay the charges for future services billed by BellSouth pursuant to an accelerated payment schedule, which shall provide for half of the charges to be paid within fifteen (15) days of invoice/bill date and the remainder to be paid within thirty (30) days of invoice/bill date. If an invoice/bill is delivered electronically for future services, and such electronic invoice/bill is transmitted more than ten (10) business days from invoice/bill date, the accelerated payment schedule will be adjusted for said invoice/bill and shall provide for half of the charges to be paid within fifteen (15) days of said invoice/bill transmit date and the remainder to be paid within thirty (30) days of said invoice/bill transmit date. Further, Customer shall pay all disputed amounts to the extent the amount in dispute is greater than 30% of the total charges for the current month, within the accelerated payment schedule timeframe. If paid disputed amounts are resolved in the Customer's favor, the Customer will be issued a credit for the resolved amount and BellSouth shall credit Customer's account for accrued interest at the same rate of interest that BellSouth assesses under its tariffs for late payment. Customer shall make all payments from readily available funds by wire transfer or some other equivalent electronic means. If Customer fails to comply with the requirements of this Section 1.11.9.1, BellSouth will provide Customer with three (3) business days Notice of default of this Section. If Customer fails to either cure said default, or to demonstrate that there is no default, within the three (3) business days notice period, BellSouth may secure Customer's accounts pursuant to Section 1.11.9.2.

- 1.11.9.2 If Customer defaults on above Section 1.11.9.1, then BellSouth may secure accounts with a one (1) months deposit of average billing services billed in advance and two (2) months billing for services billed in arrears during prior six month period. Said deposit shall be paid to BellSouth within thirty (30) days from the date of BellSouth Notice pursuant 1.11.9.1. The security required by BellSouth shall take the form of cash, an Irrevocable Letter of Credit (BellSouth form), Surety Bond (BellSouth form), or, in BellSouth's sole discretion, some other form of security proposed by Customer. If the amount of security is provided in cash, interest on said cash security shall accrue and be paid in accordance with the terms in the appropriate BellSouth tariff. If Customer fails to comply with the requirements of this Section 1.11.9.2, BellSouth will provide Customer with three (3) business days notice of default of this Section 1.11.9.2. If Customer fails to cure said default within the three (3) business days notice period, BellSouth shall have the right to begin immediate termination of services provided under this

Agreement without regard to any other provision contained within this Agreement.

- 1.11.10 Once a deposit is provided to BellSouth by Customer under any criterion, if, after twelve (12) months, Customer meets the criterion specified in above Section 1.11.6, the deposit and all interest will be applied to Customer's account. If at any time subsequent to the return of a deposit, Customer evinces a poor payment history or fails to satisfy the conditions set forth in this deposit policy, BellSouth may require a security deposit.
- 1.11.11 In the event BellSouth demands a deposit from Customer and Customer can show that BellSouth's demand is contrary to the terms and intent of this Section 1.11, Customer reserves its right to seek Commission review of BellSouth's deposit demand.
- 8 The Parties hereby agree to delete Section 1.4 of Attachment 7 in its entirety.
- 9 The Parties agree to add Section 16.2.1 to Section 16, Modification of Agreement in General Terms and Conditions as follows.
 - 16.2.1 Except as otherwise set forth in Attachment 3, Section 2 concerning the Jurisdictional Factor Guide, the Parties acknowledge that certain provisions of this Agreement incorporate by reference various BellSouth document and industry publications (collectively referred to herein as the "Provisions"), and that such Provisions may change from time to time. The Parties agree that: 1) If the change or alteration was made as a result of the Change Control Process (CCP), a revision to ANSI or Telcordia guidelines or OBF guidelines or if ITC^DeltaCom agrees in writing to such change or alteration, any such change or alteration shall become effective with respect to ITC^Deltacom pursuant to the terms of the notice to ITC^DeltaCom via the applicable Internet website posting; 2) Any other changes that (a) alters, amends or conflicts with any term of this Agreement, (b) changes any charge or rate, or the application of any charge or rate, specified in this Agreement, will be implemented through amendment of this Agreement; and 3) all other changes that would require ITC^DeltaCom to incur more than minimal expense will not become effective as to ITC^DeltaCom provided ITC^DeltaCom has submitted to BellSouth notice within thirty (30) days of receipt/posting of BellSouth's notice of such change. For purposes of item (3) above, costs associated with disseminating notice of the change or providing training regarding the change to employees shall not be deemed "more than minimal." In the event the Parties disagree as to whether any alteration or amendment described in this Section is effective as to ITC^DeltaCom pursuant to the requirements

of this Section, either Party may file a complaint with the Commission pursuant to the dispute resolution provisions of this Agreement, and until a Commission issues its order regarding the dispute, the change shall not take effect.

10. The Parties agree that all of the other provisions of the Agreement, dated April 24, 2001, shall remain in full force and effect.
11. The term of this Agreement shall be one year or until the Parties execute the New Interconnection Agreement, whichever is sooner. The terms of this Agreement shall apply to the state of Tennessee.
12. Notwithstanding any other provision in this Agreement, the Parties understand and agree that BellSouth is not obligated to provide and ITC^DeltaCom is not entitled to buy or lease under this Agreement any unbundled network element, interconnection service or other offering for which a rate is not reflected in the Agreement between the Parties dated April 24, 2001 or is not set forth herein. In the event ITC^DeltaCom desires to purchase an unbundled network element, interconnection service, or other offering for which a rate has not been agreed to by the Parties, the Parties will execute an amendment establishing a mutually agreed to rate for such element, service or offering.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year written below.

BellSouth Telecommunications, Inc.

By: 

Name: Kristen E. Rowe

Title: Director

Date: 7-16-04

**ITC^DeltaCom Communications, Inc.
d/b/a ITC^DeltaCom and d/b/a Grapevine**

By: 

Name: JERRY WATTS

Title: VICE PRESIDENT

Date: _____

Version 3Q03 11/12/2003